

## SANDY SPECIAL NEEDS HOUSING FUND (“SSNHF”) PROGRAM GUIDELINES

Adopted: April 2013  
 Amended: June 2013  
 Amended: July 2013  
 Amended: October 2013  
Amended: December 2013

### **Please Take Notice**

These guidelines may be amended from time to time due to changes in New Jersey Department of Community Affairs’s Community Development Block Grant-Disaster Recovery Action Plan (the “Action Plan”). Such amendments may occur without notice and are applicable to all pending and future applications. Applicants are, therefore, responsible for contacting the New Jersey Housing and Mortgage Finance Agency (the “Agency”) to ascertain whether or not there have been any changes since the date of these guidelines and for complying with such changes.

In addition, except as set forth below, the Agency’s Special Needs Housing Trust Fund (“SNHTF”) Guidelines are applicable to this program and are incorporated as if fully set forth herein. In the event of a conflict between the SNHTF Guidelines and the SSNHF Guidelines, the latter shall apply.

	<b>SSNHF Guidelines</b>
<b>PROGRAM OVERVIEW</b>	The Sandy Special Needs Housing Fund (“SSNHF”) provides capital subsidies in the form of loans to not-for-profit and for-profit developers to develop permanent supportive housing to special needs populations in the State of New Jersey (the “State”). This program will be funded with Community Development Block Grant-Disaster Relief (“CDBG-DR”) monies appropriated pursuant to the Disaster Relief Appropriations Act of 2013 (Public Law 113-2, approved January 29, 2013) (the “Disaster Relief Act”). The Agency will receive the CDBG-DR funding from the New Jersey Department of Community Affairs (“DCA”). The SSNHF lets developers apply directly to the Agency for needed subsidies to develop permanent supportive housing to accommodate special needs populations in the State.
<b>NATIONAL OBJECTIVE</b>	Low and moderate income and urgent need
<b>1. Eligible Applicants</b>	Private for-profit and nonprofit housing developers and public housing authorities capable of developing, managing the permanent supportive housing project and providing supportive services directly or indirectly with the service provider to the targeted special needs populations.
<b>2. Eligible Project Locations</b>	The project must help replenish the supply of affordable permanent supportive rental housing units in the nine most impacted and distressed counties (Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union Counties).
<b>3. Eligible Types of Projects</b>	<p>In all cases, eligible projects must be permanent affordable supportive rental projects or community residences in which some or all of the units are affordable to low and moderate income and special needs populations as defined in the SNHTF Guidelines. Development may include the acquisition of land and/or building(s), new construction or rehabilitation of existing building(s).</p> <p>Sponsors must secure a commitment of funding for support services and must have a support services plan approved by the Agency and/or the appropriate State agency. Additionally, projects must also be financially feasible and</p>

	<b>SSNHF Guidelines</b>
	sustainable as demonstrated by a commitment of operating subsidy/rental assistance or by a demonstrated ability to ensure the long term operation of the project.
<b>4. Selection Criteria</b>	<ul style="list-style-type: none"> <li>- Located within one of the nine (9) counties – 25 points</li> <li>- 100% special needs units with support services – 10 points</li> <li>- CDBG Efficiency (requesting less than the per unit maximum and/or less than 80% of the total development cost in SSNHF subsidy) – 20 points</li> <li>- Meet the State’s determined priorities described in the targeted county’s Continuum of Care Plan, as applicable - 10 points</li> <li>- Deep Affordability (at least 75% of the special needs units in each project are at or below 30% AMI) - 15 points</li> <li>- Readiness to proceed- Start of construction and/or closing with lender or syndicator within 90 days of award – 20 points</li> <li>- Applicants must score at least 55 points to be eligible for SSNHF.</li> </ul>
<b>5. Subsidy Loan Amounts</b>	<p>Subject to availability of funds.</p> <p><b>Sandy Special Needs Housing Fund:</b> total maximum subsidy loan amount for any single project may not exceed 80% of total development costs. For 100% special needs projects, the maximum loan amount is \$2.5 million. The maximum subsidy loan amounts per unit for mixed occupancy units shall not exceed \$100,000.</p> <p>75% of the SSNHF funding is allocated to households at or below 30% of area median income. 25% of the SSNHF funding is allocated to benefit households with gross income between 30% and 80% of area median income.</p> <p>In addition, SSNHF subsidy may be available to projects receiving Federal Low Income Housing Tax Credits (“LIHTCs”) allocated by the Agency, both 9% and 4% LIHTC projects are eligible, as well as tax-exempt bonds and stand-alone financing.</p> <p>SSNHF subsidy loan amounts will be approved only after documentation of other sources of funding have been identified in accordance with Duplication of Benefits provisions of the federal Stafford Act. CDBG-DR subsidy loan amounts cannot exceed the amount needed after other assistance for the project has been considered. Other assistance includes FEMA, Small Business Administration, insurance, and other assistance received or reasonably expected to be received for the project.</p>
<b>6. Types of Available Funding</b>	<p>All funds for SSNHF funding will be provided to projects in the form of loans. <u>Loan types:</u></p> <ul style="list-style-type: none"> <li>(1) Construction loans which convert to permanent financing;</li> <li>(2) Permanent loans for take-out financing;</li> <li>(3) No more than 3 month’s interest on pre-development, acquisition bridge loans may be eligible costs for reimbursements</li> <li>(4) Special needs project escrow will not be funded under SSNHF program.</li> </ul> <p><b>Note:</b> Project Sponsors must demonstrate that SSNHF funds committed to the project(s) must be fully expended prior to using other funding sources and within</p>

	<b>SSNHF Guidelines</b>
	the allowable time frame of two (2) years, the starting date for such two (2) year period is the date the United States Department of Housing and Urban Development (“HUD”) obligates the CDBG-DR funds to DCA by signing the CDBG-DR grant agreement with DCA.
<b>7. Mortgage Lien Status</b>	All SSNHF loans will be secured by a first mortgage lien on the land or improvements. Whenever a first lien position is determined not to be available, the Agency will allow its loan to be in a subordinate position.
<b>8. Financing Term</b>	Unless otherwise authorized, the financing term of SSNHF subsidy loan shall be 30 years. The Applicant may request a minimum term of 20 years or a maximum of 40 years. Notwithstanding the above:  1) any project financed under the SSNHF subsidy loan must be occupied by the targeted special needs populations for the term of the subsidy loan.
<b>9. Security and Collateral</b>	Each SSNHF subsidy loan shall be secured by a note and mortgage. There is generally no recourse to other assets of the borrower except in the case of fraud or other acts with regard to the project.
<b>10. Mortgage Interest Rate</b>	SSNHF subsidy loan provided during construction shall be at a 0% interest rate.  Interest on SSNHF subsidy loans for permanent financing will be determined based on the financial feasibility and long-term affordability of the project as determined by the Agency.
<b>11. Cash Flow</b>	Cash flow loans may be available to special needs projects that cannot support an amortizing loan.
<b>12. Cash Flow Repayments</b>	No interest shall begin accruing nor repayment of the loan shall begin until the amortization date of April 2016 (Two years from the signing of CDBG-DR grant agreement by HUD plus four (4) months for financial audit or compilation report to be received).  Repayment of a SSNHF subsidy loan for any project shall occur annually and shall be equal to 25% of available cash flow remaining after the payment of operating expenses, required reserves and amortized mortgage loan debt and at the earlier of the maturity of the SSNHF subsidy loan or upon expiration of the affordability controls, whichever comes first, the balance of any unpaid principal balance, together with all accrued interest thereon, shall become due and payable.  The Agency will require the Project Sponsor to submit annual financial statements (annual audit and or compilation report) to document the SSNHF financed project’s available cash flow.
<b>13. Debt Service Coverage Ratio</b>	When applicable, in all cases, the maximum mortgage supportable at a minimum of 1.15 debt service ratio must be obtained before SSNHF subsidy loan amounts will be determined.
<b>14. Other Underwriting</b>	Projects funded by SSNHF subsidy loans must meet the requirements of the Agency’s SSNHF & SNHTF Guidelines  The project sponsor shall ensure that the project shall comply with all applicable

	<b>SSNHF Guidelines</b>
	federal and/or State statutory and regulatory requirements concerning, but not limited to, environmental review, fair share housing, Section 3 of the Housing and Urban Development Act of 1968 compliance, compliance with the Davis-Bacon Act as well as all other labor standards provisions, procurement regulations and equal opportunity requirements and compliance with OMB Circular A-87, program income, and other CDBG-DR financial requirements.
<b>15. Other Junior Financing and Subordinate Debt</b>	Whenever a first lien is determined not to be available, the Agency will allow its maximum loan amount to be in a subordinate position.
<b>16. Project Fees</b>	Maximum limitations on the contractor fee and/or the developer fee shall be those placed on the project by the SSNHF financing program.
<b>17. Tenant Income Requirements</b>	Projects funded by SSNHF must meet the requirements of the Sandy Special Needs Housing Fund and the Special Needs Trust Fund Guidelines, as applicable.
<b>18. Affordability Controls</b>	Any loan agreement entered into for SSNHF subsidy funds shall incorporate contractual guarantees and procedures to ensure that any unit of permanent supportive housing provided for low and moderate income individuals and/or households shall continue to be occupied by low and moderate income individuals and/or households for five (5) years Income and population certifications must be submitted to the Supported Housing and Special Needs Division during rent up for every new move-in thereafter.
<b>19. Energy Efficiencies and Green Building Standards</b>	Projects funded by SSNHF must meet the requirements of the Special Needs Best Methods Design Questionnaire, as applicable.
<b>20. Authority to Approve Award of Application</b>	The Agency Board will approve all awards.